No. 88-778

Supreme Court, U.S.
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In the Supreme Court of the United States

OCTOBER TERM, 1988

WORLD COLOR PRESS, INC., PETITIONER

v.

ANN MCLAUGHLIN, SECRETARY OF LABOR, AND GRAPHIC COMMUNICATIONS INTERNATIONAL UNION, LOCAL 554

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

BRIEF FOR THE FEDERAL RESPONDENT IN OPPOSITION

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QUESTION PRESENTED

In this case, the Occupational Safety and Health Review Commission overruled its earlier decision allowing the Secretary of Labor, in citation enforcement proceedings under the Occupational Safety and Health Act, to use non-federal experts to conduct discovery inspections of the cited employer's workplace, subject to a comprehensive administrative protective order that guards against improper disclosure of employer trade secrets. The question presented is whether the Commission's action was properly set aside by the court below for failure to provide an adequate explanation for overruling that prior decision.

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ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

BRIEF FOR THE FEDERAL RESPONDENT IN OPPOSITION

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. A1-A12) is reported at 843 F.2d 1490. The decision of the Occupational Safety and Health Review Commission, dated September 3, 1986 (Pet. App. A12-A25), is reported at 12 O.S.H. Cas. (BNA) 2143 and [1986-1987] O.S.H. Dec. (CCH) ¶ 27,697.

JURISDICTION

The judgment of the court of appeals was entered on April 15, 1988. A petition for rehearing was denied on June 23, 1988 (Pet. App. A26-A28). The petition for a writ of certiorari was filed on September 21, 1988. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. Petitioner's Salem-Gravure Division operates a printing facility in Salem, Illinois. In May 1983, the Secretary of Labor (the Secretary) issued a citation charging Salem-Gravure with a serious violation of the "general duty" clause of the Occupational Safety and Health Act of 1970 (OSH Act), 29 U.S.C. 654(a)(1).[1] The citation alleged that employees in the bindery department were exposed to the hazard of "undue repetitive motion trauma" when required to feed the binding machines using repeated hand and wrist movements. Petitioner contested the citation and the matter was docketed with the Occupational Safety and Health Review Commission (the Commission) for adjudication. Pet. App. A4.

During pre-hearing discovery, the Secretary sought to have a private consultant inspect the machinery and work procedures in the employer's bindery. The consultant, an ergonomics expert and mechanical engineer, needed to observe the workplace firsthand in order to evaluate the feasibility of abating the cited hazard. Petitioner opposed the discovery request on the ground that a non-federal expert posed a significantly greater risk of trade secret disclosure than a federal employee, who is subject to criminal sanctions under the Trade Secrets Act.[2] The Secretary then moved the Commission's administrative law judge (ALJ)

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[1] The "general duty" clause of the OSH Act requires an employer to furnish employees "employment and a place of employment * * * free from recognized hazards that are causing or are likely to cause death or serious physical harm to [its] employees * * *." 29 U.S.C. 654(a)(1).

[2] The Trade Secrets Act, 18 U.S.C. 1905, prescribes fines and/or imprisonment and removal from office for federal employees who, without legal authorization, divulge trade secrets and other confidential information obtained by them in the course of their duties.

for an order compelling discovery. Pet. App. A4-A5, A14-A15; App., *infra,* 1a.[3]

After a hearing, the ALJ found that legitimate trade secrets existed in the bindery department, and ordered that the inspection be carried out subject to a protective order including the precautionary measures required by the Commission in *Owens-Illinois, Inc.*, 6 O.S.H. Cas. (BNA) 2162, [1978] O.S.H. Dec. (CCH) ¶ 23,218 (Pet. App. A5; App. *infra,* 3a, 11a). Chief among the measures the ALJ required were (1) a non-disclosure agreement between the Secretary and the consultant that makes the employer a third-party beneficiary of the agreement with the right to recover damages in the event of a breach; and (2) a requirement that the expert surrender all notes and photographs from the inspection to the Secretary's counsel (Pet. App. A5, A15-A16; App., *infra,* 4a, 11a).[4] The ALJ found no statutory basis for a categorical exclusion of outside experts and held that the Secretary's need for the consultant's services outweighed the employer's "speculative" fear of trade secret disclosure (App., *infra,* 9a-10a).[5] Petitioner sought

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[3] Petitioner's appendix omits the decision of the administrative law judge concerning the Secretary's discovery request. We have therefore reproduced that decision in an appendix to this brief.

[4] The other precautions required by the ALJ under the *Owens-Illinois* decision included: (1) affording the employer an opportunity to examine the expert's resume for any past or present affiliation with the employer's competitors; (2) requiring the expert to sign and comply with a written non-disclosure oath; and (3) framing the protective order in broad enough terms to include within its coverage the Secretary and her representatives, and to indicate that sanctions for a violation of the order apply to anyone acting on the Secretary's behalf (App. *infra,* 4a). See *Owens-Illinois, Inc.*, 6 O.S.H. Cas. (BNA) at 2165, 2167-2168, [1978] O.S.H. Dec. (CCH) ¶ 23,218, at 28,071, 28,072-28,073.

[5] The ALJ also rejected petitioner's argument that the Secretary is barred by collateral estoppel from relitigating the issue of whether an

and the Commission granted interlocutory review of this ruling (Pet. App. A5, A16).

2. The Commission vacated the ALJ's order and remanded with directions to stay the proceedings to enable the Secretary to apply to a federal district court for a search warrant or "other appropriate order" authorizing the inspection of the Salem-Gravure bindery and containing non-disclosure provisions applicable to the outside expert (Pet. App. A23-A25). In the Commission's view, its authority to enforce protective orders was insufficient to deter violations of those orders by outside experts, and the contractual remedies available to an aggrieved trade secret owner under an *Owens-Illinois* protective order were inadequate as compared with the "swift and sure" contempt sanctions that a court could impose (*id.* at A21-A23). The Commission accordingly overruled the *Owens-Illinois* decision to the extent that the decision upheld the use of administrative protective orders in this context (*id.* at A21-A22).[6] However, to "strike a balance" between the competing interests of the Secretary and the employer, the Commission provided that the Secretary could use an outside expert if a search warrant or similar order of a federal district court authorized the entry with appropriate precautions (*id.* at A23).

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outside expert can be used to conduct a discovery inspection of its premises by virtue of an earlier ruling in *World Color Press, Inc.*, 6 O.S.H. Cas. (BNA) 1084, [1977-1978] O.S.H. Dec. (CCH) ¶ 22,358, affirming an ALJ's order limiting the Secretary to using federal employees in conducting discovery in a facility operated by another of petitioner's divisions (App., *infra*, 6a-8a).

[6] The Commission emphasized that collateral estoppel (see note 5, *supra*) played no part in its decision. (Pet. App. A22 n.7). The Commission observed that a prior decision rendered erroneous by an intervening change in the law cannot form the basis for applying collateral estoppel, in a subsequent action, against a party to that earlier case (*ibid.*).

Upon remand to the ALJ, the Secretary declined to seek judicial authorization for the discovery request and, thus lacking the necessary expert testimony, elected not to proceed to a hearing on the citation (Pet. App. A6). As a result, the ALJ granted petitioner's motion to dismiss the case (*ibid.*). The Secretary then sought appellate review of this final Commission decision (*ibid.*).

3. The court of appeals reversed the Commission's ruling on the discovery issue as arbitrary and capricious, and vacated its dismissal of the citation enforcement case (Pet. App. A4, A11-A12). The court held that the Commission had failed to supply a reasoned explanation for departing from *Owens-Illinois* and had improperly relied, without supporting evidence, on a presumed inability to impose meaningful sanctions against private consultants and a belief that confidentiality agreements are ineffective (*id.* at A10-A11).[7] The court further observed that the Commission's decision "interposes courts to perform a duty Congress expressly empowered the Secretary and the Commission to perform, namely 'issu[ing] such orders as may be appropriate to protect the confidentiality of trade secrets' " (*id.* at A9-A10 n.3, citing 29 U.S.C. 664). The court concluded that Congress did not envision a Commission with such limited powers as to require "repeated federal [court] interventions" at the discovery stage of administrative proceedings (*id.* at A12).

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[7] As a threshold matter, the court of appeals agreed with the Commission that because *Owens-Illinois* had changed the governing law, the Secretary was not precluded by the earlier *World Color Press* decision from seeking to use an outside consultant in discovery proceedings in this case (Pet. App. A8-A9).

ARGUMENT

The decision of the court of appeals is correct and does not conflict with any decision of this Court or any other court of appeals. Accordingly, further review is not warranted.

1. The court of appeals correctly rejected the Commission's attempt to overturn its earlier decision allowing discovery inspections by non-federal experts. In *Owens-Illinois,* the Commission thoroughly evaluated the competing interests of employers in their trade secrets and of the Secretary in achieving swift and effective abatement of workplace hazards, and it took into account its unsatisfactory experience under prior Commission rulings that barred the use of outside experts in workplace inspections (6 O.S.H. Cas. (BNA) at 2165-2167, [1978] O.S.H. Dec. (CCH) ¶ 23,218, at 28,071-28,072). In holding that employer trade secrets could be protected most appropriately in discovery entries by non-federal experts through administrative protective orders, the Commission struck a balance that would "avoid imposing * * * excessive constraints on the Secretary's prosecution of cases while at the same time adequately protecting employers' legitimate interests in preserving the confidentiality of their trade secrets" (6 O.S.H. Cas. (BNA) at 2166, [1978] O.S.H. Dec. (CCH) ¶ 23,218, at 28,071). The Commission's *Owens-Illinois* decision thus overruled past decisions (including one involving another division of World Color Press, see note 5, *supra*), that generally limited the Secretary to using federal employees in conducting discovery inspections where trade secrets could be found.

During the eight years following *Owens-Illinois,* protective orders of the kind outlined in that decision were used, with apparent success, in nearly a dozen citation enforcement cases where outside experts conducted workplace

discovery on the Secretary's behalf.[8] And in similar contexts, at least three circuits have found such measures, particularly the use of confidentiality agreements, to be an adequate safeguard for trade secrets disclosed to private consultants and other persons not employed by the federal government. *Hercules, Inc.* v. *NLRB,* 833 F.2d 426, 429 (2d Cir. 1987); *United Steelworkers* v. *Auchter,* 763 F.2d 728, 743 (3d Cir. 1985); *Bunker Hill Co. Lead & Zinc Smelter* v. *EPA,* 658 F.2d 1280, 1284 (9th Cir. 1981).

In choosing to abandon this settled approach to the issue in the present case, the Commission was obliged to supply "a reasoned analysis * * * beyond that which may be required" if the issue were being confronted in the first instance. See *Motor Vehicle Mfrs. Ass'n* v. *State Farm Mut. Auto. Ins. Co.,* 463 U.S. 29, 42 (1983). Here, the Commission's rejection of administrative protective measures in the trade secret context was neither well-reasoned nor supported by legal theory or empirical evi-

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[8] See *Maxwell Wirebound Box Co.,* 8 O.S.H. Cas. (BNA) 1995, [1980] O.S.H. Dec. (CCH) ¶ 24,758; *Reynolds Metals Co.,* 8 O.S.H. Cas. (BNA) 1496, [1980] O.S.H. Dec. (CCH) ¶ 24,607; *National Mfg. Co.,* 8 O.S.H. Cas. (BNA) 1435, [1980] O.S.H. Dec. (CCH) ¶ 24,519; *American Can Co.,* 7 O.S.H. Cas. (BNA) 1947, [1979] O.S.H. Dec. (CCH) ¶ 24,066; *Kaiser Aluminum & Chem. Corp.,* 7 O.S.H. Cas. (BNA) 1486, [1979] O.S.H. Dec. (CCH) ¶ 23,662; *Emerson Elec. Co., Upland Indus. Div.,* 7 O.S.H. Cas. (BNA) 1454, [1979] O.S.H. Dec. (CCH) ¶ 23,640; *Fred's Frozen Foods, Inc.,* 7 O.S.H. Cas. (BNA) 1271, [1979] O.S.H. Dec. (CCH) ¶ 23,461; *Metal Container Corp.,* 7 O.S.H. Cas. (BNA) 1202, [1979] O.S.H. Dec. (CCH) ¶ 23,384; *Ralston Purina Co.,* 7 O.S.H. Cas. (BNA) 1201, [1979] O.S.H. Dec. (CCH) ¶ 23,383; *American Can Co.,* 7 O.S.H. Cas. (BNA) 1147, [1979] O.S.H. Dec. (CCH) ¶ 23,385; *Kama Corp.,* 7 O.S.H. Cas. (BNA) 1056, [1979] O.S.H. Dec. (CCH) ¶ 23,296. Although petitioner rejects our reliance on this history as "naive[ ]" (Pet. 19), there have been no allegations in these cases that any Commission protective order was ever violated by the Secretary's expert.

dence.[9] Indeed, as the court of appeals pointed out, "the Commission c[ould not] point to a single case where [the *Owens-Illinois* protective order] was insufficient," nor did it provide "evidence * * * to disprove the efficacy of similar confidentiality agreements applied by federal courts" (Pet. App. A11).[10] The Commission instead ignored its past success with *Owens-Illinois* protective orders and based its policy reversal on unsubstantiated fears of unauthorized disclosure and on a supposed need for penal sanctions as a deterrent. "[T]his conjecture," the D.C. Circuit properly concluded, "cannot substitute for a reasoned explanation" (*ibid.*).

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[9] Petitioner erroneously contends (Pet. 11, 31-32) that the Commission's new rules of procedure "codif[y]" its ruling in this case, permitting it to abandon the *Owens-Illinois* precedent without further explanation. First, under the new rules, an ALJ is empowered, but not required, to prohibit disclosure of information to "persons against whom the Commission could not enforce [a protective] order," and also to stay proceedings to allow a party "an opportunity to seek an order of a court or search warrant with protective conditions" (29 C.F.R. 2200.11(f)). By contrast, the Commission's decision in this case would require such action in every instance where an employer demonstrates that trade secrets might be uncovered. Furthermore, the rulemaking record provides no support for such a requirement. Faced with strong objections to a warrant requirement on grounds that a federal district court would lack jurisdiction to issue such a warrant and that such a requirement would lead to disruption and delay in enforcement proceedings, the Commission left the matter for "adjudicative resolution," and thus simply deferred its obligation to address those objections (51 Fed. Reg. 32,002, 32,009-32,010 (1986)).

[10] We also note that the Commission's new rules of procedure (see preceding note) authorize the ALJ to require written confidentiality agreements that provide for liquidated damages (29 C.F.R. 2200.11(f)(2)). Thus, the Commission's rejection of such agreements as an effective means of protecting trade secrets information in this case is difficult to square with the Commission's own regulations.

2. Petitioner contends (Pet. 15-25) that the Secretary should be required to obtain a search warrant from a federal district court in order to conduct discovery inspections with outside consultants. This contention erroneously assumes that the district courts have authority to issue such a warrant, but consideration of that matter by this Court is not appropriate because the decision below did not definitively address it. In rejecting the inadequately explained departure from *Owens-Illinois,* the court of appeals merely noted its doubts that the district courts "possess[ed] authority to issue discovery orders while a citation enforcement proceeding is pending." Pet. App. A9 n.3.

We note, in any event, that the court of appeals' skepticism regarding the warrant requirement is well founded. Section 15 of the OSH Act (29 U.S.C. 664) plainly empowers the Commission to "issue such orders as may be appropriate to protect the confidentiality of trade secrets." Indeed, the Act established the Commission as a "neutral arbiter" with functions similar in nature to a district court. See *Cuyahoga Valley Ry.* v. *United Transp. Union,* 474 U.S. 3, 6-7 (1985); *Oil, Chemical & Atomic Workers Int'l Union* v. *OSHRC,* 671 F.2d 643, 652 (D.C. Cir.), cert. denied, 459 U.S. 905 (1982); 116 Cong. Rec. 38,708 (1970) (remarks of Rep. Steiger). It accordingly possesses a wide array of quasi-judicial powers and generally follows the Federal Rules of Civil Procedure in the conduct of its proceedings. See 29 U.S.C. 659, 661; 29 C.F.R. 2200.2(b), 2200.52(a)(1). As in the case of other formal adjudications under the Administrative Procedure Act, the Commission here has broad authority to direct the hearing process. See 29 U.S.C. 659(c) (incorporating by reference 5 U.S.C. 554(c)(2), 556(c)). This authority, recognized in the Commission's own rules, enables it to authorize and compel the use of pre-hearing discovery methods in citation enforce-

ment proceedings, and includes the power to issue protective orders to safeguard trade secrets based on a showing of good cause by the owner of the information and a fair balancing of the "competing needs and interests of parties affected by discovery" (29 C.F.R. 2200.11(f), 2200.52(d); Fed. R. Civ. P. 26(c)). See *Seattle Times Co.* v. *Rhinehart*, 467 U.S. 20, 36 (1984).[11]

By refusing to enforce any discovery request involving outside experts and possible trade secrets, and relying instead on district courts to authorize and control that segment of its proceedings, the Commission abdicated a key portion of its adjudicatory function to the courts, which have hitherto played no role in pre-hearing discovery under the OSH Act. As the court of appeals correctly noted (Pet. App. A9 n.3), neither the Commission nor petitioner has cited any statutory or decisional support for their assumption that district courts may exercise such authority and control.[12] The OSH Act itself supplies no

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[11] Contrary to petitioner's assertions (Pet. 13-14, 15-19), Congress did not guarantee employer trade secrets automatic and complete immunity from disclosure in Commission adjudications. "As with most evidentiary and discovery privileges recognized by law, 'there is no absolute privilege for trade secrets and similar confidential information.'" *Federal Open Mkt. Comm.* v. *Merrill*, 443 U.S. 340, 362 (1979) (quoting 8 C. Wright & A. Miller, *Federal Practice and Procedure* § 2043, at 300 (1970)). Although Section 15 of the OSH Act affirms the need to prevent unauthorized disclosures of trade secret information obtained by the Secretary and her representatives, and it incorporates for that purpose the criminal sanctions available under the Trade Secrets Act (see note 2, *supra*), neither that provision nor the Trade Secrets Act prohibits the Commission from requiring employers to allow discovery of trade secrets by private individuals. See 29 U.S.C. 664.

[12] Petitioner cites several district court decisions (Pet. 22-23, 24-25) regarding administrative inspection warrants and protective orders for trade secrets. Those cases are inapposite, however, because none of

support for such a proposition: with only carefully circumscribed exceptions,[13] the Act envisions that questions related to the enforcement of the Secretary's citations will be adjudicated solely before the Commission, with subsequent review available in the courts of appeals. Congress's failure to specify a judicial role in pre-hearing discovery, and its granting of broad adjudicatory powers to the Commission (including explicit authority to "issue such orders as may be appropriate to protect the confidentiality of trade secrets" (29 U.S.C. 664)), certainly imply—as the court below recognized (Pet. App. at A10 n.3)—that "Congress did not contemplate that the Commission would delegate these duties to the federal judiciary." See *Whitney Nat'l Bank* v. *Bank of New Orleans & Trust Co.*, 379 U.S. 411, 422 (1965) (where there is "a specific statutory scheme for obtaining review * * * the statutory mode of review [must] be adhered to notwithstanding the absence of an express statutory command of exclusiveness").

3. Finally, although petitioner contends (Pet. 32-33) that collateral estoppel barred the Secretary from even seeking to conduct discovery with an outside expert, we note that the court of appeals, the Commission, and the

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them involved pre-hearing discovery in an ongoing Commission proceeding; they instead arose in the context of pre-enforcement investigations and other circumstances where the Commission has no statutory jurisdiction. Unlike this Court's decision in *Marshall* v. *Barlow's, Inc.*, 436 U.S. 307 (1978), the Commission's new search warrant requirement for discovery inspections was not prompted by constitutional concerns; the Commission in fact assumed that "probable cause" would always exist in such cases (Pet. App. A24).

[13] The OSH Act expressly creates jurisdiction in the district courts to enforce subpoenas issued by the Commission during citation enforcement proceedings (29 U.S.C. 661(i)); to restrain and remedy employer retaliation against employee "whistleblowers" (29 U.S.C. 660(c)(2)); and to restrain preliminarily any conditions that create an immediate danger of death or serious physical harm (29 U.S.C. 662).

ALJ all rejected that assertion, and that even the petitioner does not raise the issue as an independent ground for review. The decision in *World Color Press* (see note 5, *supra*), on which petitioner relies, was overruled by the Commission in *Owens-Illinois*. Collateral estoppel, as this Court has long recognized, is available only where the "applicable legal rules remain unchanged." *Commissioner* v. *Sunnen*, 333 U.S. 591, 599-600 (1948). See also *United States* v. *Stauffer Chem. Co.*, 464 U.S. 165, 169, 170 (1984); *Montana* v. *United States*, 440 U.S. 147, 155 (1979); Restatement (Second) of Judgments § 28(2) (1982). The court of appeals was therefore correct in reviewing the propriety of the Commission's decision in this case.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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JANUARY 1989

APPENDIX

UNITED STATES OF AMERICA
OCCUPATIONAL SAFETY AND
HEALTH REVIEW COMMISSION

Docket Number 83-509

SECRETARY OF LABOR, COMPLAINANT

v.

SALEM GRAVURE DIVISION, WORLD COLOR
PRESS, INC., RESPONDENT

[Mar. 5, 1984]

ORDER

Procedural background

1. World Color Press has moved for a protective order guarding against the disclosure of certain trade secrets and commercial information under Commission Rule 11, 29 C.F.R. § 2200.11.

2. The Secretary of Labor requested entry of his representatives at the Salem Gravure plant at Salem, Illinois, "for the purpose of inspecting, measuring, testing, surveying, photographing or sampling Respondent's bindery department" for determining abatement measures available to reduce employee exposure to repetitive motion trauma. The employer objected, and the Secretary of Labor filed a document that was construed as a motion to compel. Thereafter the employer filed the aforementioned motion for protective order.

3. The employer has no objection to the entry of full-time government employees, but seeks to bar the entry of any independent or private consultants. The Secretary wishes to use as a representative a Dr. Armstrong, who is an ergonomist and mechanical engineer (Tr. 162, 169), and who is an independent consultant. It is represented that the only ergonomist who is a full-time federal employee who might be available is a Dr. Stevens, who is employed in Washington by OSHA itself (Tr. 169). Dr. Stevens' availability is questionable (Tr. 168).

4. The motion for protective order was accompanied by the single affidavit of Mr. Paul McDaniels, the plant manager at the Salem Gravure Division, who swore to the truth of the facts stated in the supporting brief. The motion indicated that, if a fuller description of the alleged trade secrets were desired, request was made for a closed hearing. That request was granted. A closed hearing was held in St. Louis, Missouri, on February 7, 1984.

5. In considering what is a "trade secret", World Color Press relies upon the definition in the Restatement on Torts (1st Restatement) (Tr. 5). This is a commonly used definition. See *Words and Phrases,* Trade Secret. It shall be applied here. It is as follows:

> A trade secret may consist of any formula, process, patent, device or compilation of information which is used in one's business and which gives him an opportunity to obtain an advantage over competitors who do not know or use it. Restatement, Torts, § 757, comment b.

In addition to the requisite degree of secrecy and lack of knowledge of other competitors, in proving a trade secret it must be shown that material has been retained in secrecy and not disclosed in the conduct of business without adequate protection. Milgrim, *Trade Secrets,* § 7.07.

Trade Secrets

6. World Color Press has sustained its proof of trade secrets in the bindery department regarding the following:

a. Stream Feeders, which are unique in the way stock is delivered to the binder (Exhibit 5A, Tr. 36-38);
b. A mail bagging system, with
   i. a round table, and
   ii. bagging chute (Exhibit 5B, Tr. 38-41, 111);
c. "Long book" rejector systems for binding equipment (Exhibit 5C, Tr. 41-44);
d. "Micro-Sert" processor (Exhibit 5D, Tr. 44-47);
e. Sucker arm modifications (Exhibit 5E, Tr. 47-50);
f. "One up-two up" drive system (Exhibit 5F, Tr. 50-53);
g. A modification of the Signode strapper (Exhibit 5G, Tr. 54-56);
h. Automated polyfilm imprinter (Exhibit 5H, Tr. 56-58);
i. In-line jogging system (Exhibit 5I, Tr. 59-60);
j. Modified caliper system (Exhibit 5J, Tr. 61-64);
k. Magnetic imprinters (Exhibit 5K, Tr. 64-67);
l. Silicone sprayer and applicator (Exhibit 5L, Tr. 67-69);
m. Crewing or manning table (Exhibit 7, Tr. 70, 71, 73-74).

7. A major contention of the Secretary is that the trade secrets were not adequately protected. There was heavy reliance upon testimony to the effect that company practice permitted the entry into the plant of persons including members of the public, family members of employees, a labor union group, and sundry truck drivers. The record supports this (Tr. 97-98, 113, 121, Exhibits C-2 and C-3). However, the record shows no close scrutiny of the bindery department by the visitors (Tr. 100), nor ob-

servation by persons having engineering expertise (Tr. 99-100). Nor is there any indication that trade secrets have been revealed to any competitors. Also, the record shows a consistent prohibition on the taking of photographs by visitors within the plant and innovations constituting trade secrets (Tr. 83, 100, 105-106, 130, 144, 150).

8. Official notice is taken of the fact that ergonomics is the study of the interaction of persons within an engineered environment. It is an emerging science, and presently almost all knowledge and theory that it entails can be regarded as a derivative of more established disciplines.

Protective Order Issues

9. In opposing the barring of outside consultant, the Secretary of Labor argues that this case is controlled by *Owens-Illinois,* 1978 CCH OSHD ¶ 23,218; 6 BNA OSHC 2162 (Rev. Com. 1978), and subsequent cases following its teaching. These permit entry for discovery purposes on behalf of the Secretary of Labor of an expert who is not a full-time employee of the federal government subject to the following minimum conditions: (1) that the expert swear in writing to keep any secrets made known to him; (2) that the employer should have a chance to challenge the selection of the expert on the ground that the expert is closely aligned with a competitor of the employer; (3) that there be included in the Secretary of Labor's contract with the expert a confidentiality provision as well as one expressly making the employer a third-party beneficiary of that provision; and (4) that the protective order indicate that any sanctions for a violation of its terms will apply to anyone acting on behalf of the Secretary of Labor.

10. World Color Press argues that *Owens-Illinois* is not controlling. Its first argument is that the Secretary of Labor is precluded by the doctrines of collateral estoppel

and res judicata from re-litigating the question of whether there may be entry by an expert who is not a full-time federal employee into the Salem Gravure plant. It is argued that the question was fully litigated in *World Color Press, Inc.*, Docket No. 76-2005 (ALJ dec., 7/6/77). The administrative law judge (Judge Wienman) had held that no good cause had been shown by the Secretary of Labor for the use of an outside consultant and, therefore, the Secretary was limited to the use of full-time federal employees in the conduct of a discovery inspection in order to protect adequately the employer's trade secrets. That case involved a discovery inspection in which the Secretary sought to use an outside (non-federal) *acoustical engineer* concerning allegations of excessive noise at World Color Press' workplace in Effingham, Illinois. The purpose of the inspection was to discover facts regarding the feasibility of reducing allegedly excessive noise in the press room.

11. Judge Wienman's decision was reviewed by a Review Commission which then consisted of two members. The two members reached an impasse concerning action, and agreed therefore to affirm the judge's decision. But they assigned it the precedential value of an unreviewed judge's decision. *World Color Press, Inc.*, 6 BNA OSHC 1084 (Rev. Com. 1977). An unreviewed administrative law judge's decision is not considered precedent binding upon the Review Commission itself because it does not necessarily indicate approbation of the judge's action. See *Leone Construction Co.*, 3 BNA OSHC 1979, 1975-76 CCH OSHD ¶ 20,387 (Rev. Com. 1976). Thus, for precedential purposes the weight to be accorded an unreviewed administrative law judge's decision depends upon the intrinsic merit of that decision. Nothing more.

12. The Secretary of Labor filed a petition for review of the Commission action in the Seventh Circuit, and later

moved to withdraw the petition for review stating only that it had been "subsequently concluded that the case was inappropriate for appellate review". The motion was granted.

Res Judicata and collateral estoppel arguments

13. World Color Press argues that the Secretary cannot now re-litigate before the Commission precisely the same issues that were decided against him in previous action, which for convenience shall be referred to as *World Color Press,* I. This begs the question of precisely what was litigated almost seven years ago. Also, the application of the doctrines of res judicata and collateral estoppel to an exercise of adjudicative discretion is not squarely addressed. Determining the scope of a protective order involves an exercise of much discretion by an administrative law judge.

14. It is generally held that the doctrine of res judicata or, where applicable estoppel, does not apply to a decision on a motion with the same strictness as to a judgment and that an order made in a pending action on a motion involving a question of practice or the discretion of the trial court is not an adjudication barring a subsequent motion on the same ground. 56 Am.Jur., Motions, rules, and orders, § 30. See also *American Surety Co. v. Baldwin,* 53 S.Ct. 98, 102 (U.S. 1932).

15. It is unclear what options for experts were available to the Secretary in *World Color Press,* I. Here, the Secretary's only option on the record is the possible use of a Dr. Stevens, who is employed by OSHA itself. This narrow choice of experts within the government could plainly affect drastically the expert aid to the Secretary in conducting his case.

16. In a supplemental brief filed at the closed hearing, World Color Press argues that the Supreme Court's decision in *U.S. v. Stauffer Chemical Co.*, __ U.S. ____ (Jan. 10, 1984), which was decided after the briefs were filed in this case, supports its argument with respect to collateral estoppel. *Stauffer Chemical* concerned two EPA inspections conducted two weeks apart. EPA tried to inspect a Stauffer phosphorus plant in Tennessee under the Clean Air Act using private contractors in addition to full-time EPA employees. Stauffer refused entry to the private contractors because the private contractors refused to sign a non-disclosure agreement concerning trade secrets. There was a similar refusal of an attempted inspection under similar circumstances of a Stauffer phosphate plant in Wyoming. The Wyoming case was litigated as far as the Tenth Circuit which held, among other things, that the private contractors were not "authorized representatives" under the enabling legislation, the Clean Air Act. The Tennessee case was subsequently litigated in the Sixth Circuit which held that the United States was estopped from re-litigating the "authorized representative" question because the United States had previously litigated the Wyoming case in the Tenth Circuit. The Sixth Circuit decision was affirmed. In an opinion by Justice Rehnquist the Court considered any factual differences between the two cases, such as the difference in location of the plants and the difference in the private contracting firms, to have no legal significance in resolving the issues. While eschewing an exception to the collateral estoppel rule concerning an issue of law in *Montana v. U.S.*, 440 U.S. 147 (1979), the court noted that in *Montana* it was determined that the issue of law exception was inapplicable because of the "close alignment of time and subject matter, between the two court actions". In this case there is no close alignment of time. Almost seven years separate *World Color Press*,

I, from *World Color Press*, II. Collateral estoppel is generally said to have three purposes: to "relieve parties of the cost and vexation of multiple law suits, conserve judicial resources, and, by preventing inconsistent decisions, encourage reliance on adjudication". (Concurring opinion) (Sl. Op. 3). The time elapsing between the cases suggests a lack of vexatious litigation and no undue drain upon the agency's adjudicative resources. Concerning consistency of decisions, collateral estoppel has been applied in only a limited fashion to questions of law. It has been recognized as manifestly unjust to apply one rule of law forever as between the parties and to apply a different rule to all other persons. Scott, *Collateral Estoppel by Judgment*, 56 Harv.L.Rev. 1, 7 (1942) (article cited with approval in concurring opinion). The doctrine of collateral estoppel is intended to provide litigants the benefit of prior *litigation*. This is not the same as insuring litigants the benefits of a prior *ruling*. (Concurring opinion) (Sl. Op. 8). Here, World Color Press seeks to preserve the benefit in a different case of a "good cause" *ruling* by Administrative Law Judge Weinman almost seven years ago in a different case involving different expertise, even though there is some overlap in the trade secrets involved.

Discretion in entry of protective order

17. World Color Press also argues that a proper exercise of discretion in entry of a protective order in this case is to limit inspection of the plant to federal employees. Cases such as *Triangle Ink and Color Co., Inc. v. Sherwin Williams Co.*, 61 F.R.D. 634 (N.D. Ill. 1974), are noted in which disclosure of trade secret information was restricted to the plaintiff's trial attorney, although the attorney could consult an independent expert provided the parties mutually agreed upon an independent expert. The cases

are cited in support of the reasonableness of Respondent's proposed use of a federal employee expert. But World Color Press still opposes categorically the disclosure of trade secret information to an independent expert who is not employed by the federal government. This is so even though it has not been shown that Dr. Armstrong, the Secretary's outside expert, is aligned with any competitor of World Color Press.

18 U.S.C. section 1905 and section 15 of OSHA

18. World Color Press argues that the OSHA statute and 18 U.S.C. 1905 require protection of World Color Press' trade secrets by limiting inspection to full-time federal employees. Section 1905 of Title 18 U.S.C. provides for criminal penalties for any federal employee who divulges "to any extent not authorized by law" any information coming to him in the course of his employment concerning trade secrets of any person. The statute does not provide that access to trade secrets will be given only to federal employees. It only provides sanctions for the disclosure of trade secrets in the possession of federal employees. *Owens-Illinois, Inc.*, supra at 2166. Section 15 of OSHA places no additional restrictions on the disclosure of trade secrets. Rather, it adds two exceptions: (1) disclosure to other offices or employees concerned with carrying out the OSHA Act, and (2) disclosure when relevant in any proceeding under the Act. *Owens-Illinois, Inc.*, supra at 2166. Compare *Louisiana Chemical Association v. Bingham*, 550 F.Supp. 1136, 1144 (W.D. La. 1982). This case falls plainly within the second exception in Section 15.

19. World Color Press argues that under the Federal Rules of Civil Procedure incorporated by reference in Commission proceedings that, if it is established that con-

fidential information is being sought, the burden is on the party seeking discovery to establish that the information is sufficiently relevant and necessary to his case to outweigh the potential harm of disclosure. Reliance is placed upon Wright & Miller, *Federal Practice and Procedure, Civil,* § 2043, at pages 300-302. The reliance is well placed. The treatise, however, in turn relies fully upon a statement by the Advisory Committee on Rules of Evidence that reads as follows:

> The need for accommodation between protecting trade secrets, on the one hand, and eliciting facts required for full and fair presentation of a case, on the other hand, is apparent. Whether disclosure should be required depends upon a weighing of the competing interests involved against the background of the total situation, including consideration of such factors as the endangers of abuse, good faith, adequacy of protective measures, and the availability of other means of proof.

The competing considerations have been weighed and the listed factors have been considered. There is no asserted lack of good faith on the part of the Secretary or his outside expert. The only danger of disclosure that has been mentioned is a possible mental lapse by the expert at some time in the future and this could result in a revelation of a trade secret (Tr. 163). This seems somewhat speculative. Moreover, a full and fair presentation of the Secretary's case may turn on his ability to use Dr. Armstrong. Finally, as noted previously there is no indication that Dr. Armstrong is allied with any competitor of World Color Press.

ORDER

Accordingly, the employer is ORDERED to permit entry of the Secretary's outside expert at its Salem Gravure plant within thirty (30) days from the date of this order subject to the following conditions: (1) the protective measures outlined in *Owens-Illinois* shall be used; (2) the entry shall be limited to the area of the citation and not include the entire bindery department; and (3) any notes or photographs taken in the course of the discovery inspection shall be surrendered to the Secretary's counsel at the completion of Dr. Armstrong's participation in this case and any such material shall remain in the possession of the Secretary's agents and thus subject to the strictures of 18 U.S.C. § 1905.

/s/ Paul A. Tenney
PAUL A. TENNEY
Judge, OSHRC

Dated: March 5, 1984
Washington, D.C.

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